Nova Scotia Business
Development Corporation

Annual Report

1999

Assisting business in the creation, maintenance, and enhancement of employment opportunities for Nova Scotians

Economic Development
and Tourism

The Honourable Myra Freeman

Lieutenant-Governor

Province of Nova Scotia

May It Please Your Honour:

The undersigned has the privilege to present to Your Honour the annual report of the Nova Scotia Business Development Corporation for the year ended March 31, 1999.

Respectfully submitted,

Gordon Balser

Minister

Economic Development

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100-07080/

Letter From the Chairman

Honourable Gordon Balser
Minister, Economic Development
Province of Nova Scotia
Halifax, Nova Scotia

Dear Mr. Minister:

I am pleased to present on behalf of the former chairman, Bill Wade, and his board of directors, the 1998-1999 Annual Report of the Nova Scotia Business Development Corporation (NSBDC), including the March 31, 1999 audited financial statements of the Nova Scotia Business Development Corporation Fund. The report also contains the audited stated financial statements of the Industrial Expansion fund which Executive Council assigned to NSBDC for administration.

During the fiscal year ended March 31, 1999, the NSBDC authorized financial assistance of $55.4 million to 51 private enterprises. The assistance enabled a variety of companies throughout the province to create, maintain and enhance employment opportunities for 2,100 Nova Scotians. The companies assisted by this support have annual payrolls of more than $47 million and sales of more than $200 million.

Companies supported by financial assistance from NSBC have a significant economic impact

The NSBDC provides businesses throughout the province with access to capital funding for start up or expansion. Companies which have received financial support through the NSBDC are estimated to contribute more than $50 million annually in tax revenues to the province.

On behalf of the current board of directors, special thanks are extended to Mr. Wade and his directors as well as the officers and staff for their contribution to the economic development of the province during this time frame.

Respectfully submitted,
John Risley, Chair

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Board of Directors and Officers

Board of Directors

Bill Wade, Chair
Stephen Rankin
John Risley
Leonard Sarsfield
Charles Smith

Officers

Roy Sherwood
President and Chief Executive Officer

Marvyn Robar
Director, Finance, Investment and Regional Lending

Andrew Hare
Director, Lending and Special Projects

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Introduction

The corporate authority granted to the Nova Scotia Business Development Corporation (NSBDC) is contained in the Business Development Corporation Act. This authority is expressed as follows:

"There is hereby established a body corporate to be known as the Nova Scotia Business Development Corporation. The Corporation shall be managed by a Board of Directors composed of such members as are appointed by the Governor in Council ... The object and purpose of the Corporation is to encourage business development in the Province including, without limiting the generality of the foregoing, a tourism or tourism-related business, and thereby promote business growth and employment opportunities by rendering to business financial assistance or such other assistance as may be determined by the Governor in Council."

The object and purpose of the Corporation is to encourage business development in the Province

The NSBDC was established pursuant to the Business Development Corporation Act, which was passed and proclaimed effective April 1, 1988. The corporation, through its board of directors, is responsible for the Nova Scotia Business Development Corporation Fund. In addition, Executive Council has directed the NSBDC to administer financial assistance provided under the Industrial Development Act (Industrial Expansion Fund) and Venture Corporations Act.

The NSBDC reports to the legislature through: The Honourable Gordon Balser, Minister of Economic Development, responsible for the Nova Scotia Business Development Corporation.

Management Discussion and Analysis

Investing in Nova Scotia's communities

With the end of the 1998-99 fiscal year, the Nova Scotia Business Development Corporation (NSBDC) has been in operation for 11 years. We continue to refine and improve the processes by which we provide development assistance to Nova Scotia businesses. The following pages describe our activities of the past year in some detail. However, a few key numbers will highlight the investment Nova Scotia makes in its emerging and growing business enterprises through NSBDC's general portfolio, the Community Business Loan Program, and the Industrial Expansion Fund.

The companies we assist through loans, shares and guarantees are located in communities large and small throughout the province. They employ more than 10,000 Nova Scotians and have annual payrolls of $220 million. Their operations generate more than $1.3 billion a year in sales, of which 70% is for export markets. The province earns approximately $34 million net annually in direct and indirect income taxes as a result of the operations of the companies we have helped to establish and grow. Our statistics indicate that their activities create employment for an additional 12,000 Nova Scotians through spin-off positions.

...will help ensure a strong, sustainable future for our province.

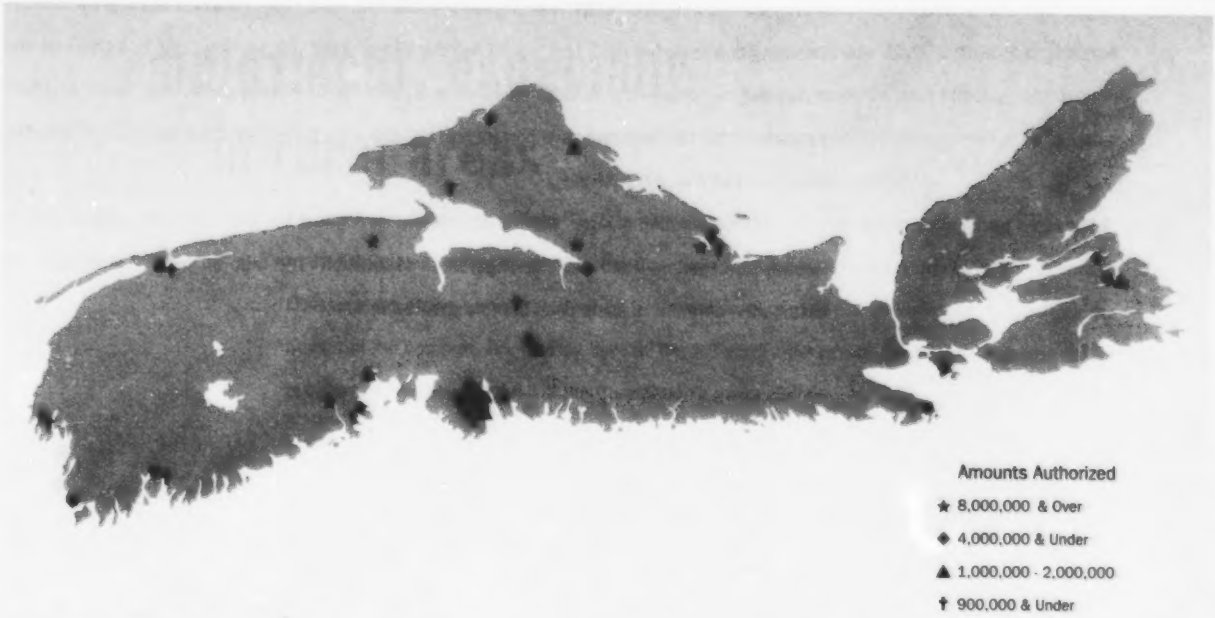
The Community Business Loan Program, which is largely administered in the local community, is designed to ensure timely, focused, responsive assistance to both new and more mature businesses. We are currently reviewing this program to ensure that it is still the most effective way to serve its intended constituency.

We calculate the result to the provincial economy from the 7,700 Nova Scotians employed with the companies supported by the financing activities of the Industrial Expansion Fund to be in excess of $65 million in incremental tax revenues.

Collectively, these programs are helping Nova Scotia to strengthen its private-sector base in a way that will help ensure a strong, sustainable future for our province.

Nova Scotia Business Development Corporation Loan Distribution

Industrial Expansion Fund Loan Distribution



Management Discussion and Analysis

Overview of Portfolio

Loans, shares and guarantees, excluding Community Business Loan Program

The Nova Scotia Business Development Corporation (NSBDC) administers a diverse portfolio of accounts which includes loans, shares and guarantees provided to business to encourage economic development by creating and enhancing employment opportunities in Nova Scotia. The corporation also owns and manages a number of industrial parks and malls.

As at March 31, 1999, the portfolio consisted of more than 250 accounts aggregating $174 million. We have also provided $12 million in guarantees to chartered banks to support the credit facilities of about 20 companies. Appendix 1 contains a list of the corporation's clients.

All businesses throughout the province have equal access to capital regardless of location

We have provided financial assistance to businesses located throughout Nova Scotia. Chart 1 shows the dollar value of financial assistance authorized and committed by county.

The Halifax metropolitan area accounts for approximately 10% of the assistance outstanding. The remainder benefits businesses widely distributed throughout Nova Scotia. Traditionally, operations located outside large metropolitan areas, start-up situations and those requiring specialized manufacturing equipment have had difficulty accessing commercial financing due to higher risks and lack of liquidity of the underlying security. This is a trend we see increasing as commercial lenders focus more on short-term revenue generation areas and fees for service. The NSBDC plays an important role by helping to fill this gap in the spectrum of financing vehicles available to business.

The corporation ensures that all businesses throughout the province have equal access to capital for expansion and start up regardless of location. The map on page 4 illustrates the distribution of financial assistance of more than $1 million.

The primary focus of our lending activity is manufacturers and processors. Economic development activities have traditionally targeted manufacturing concerns since this sector typically pays above-average wages and generates spin-off employment. The tourism sector is also a focus as it generates significant employment, especially in rural areas. Chart 2 depicts the value of financial assistance provided by sector. Representing a total of 34%, food processors account for the largest component of financial assistance. These firms process fish, meat, poultry, vegetables and fruits to create value-added products. All are located in rural Nova Scotia.

The businesses we assist have a significant impact on the economy. They employ more than 10,000 Nova Scotians throughout the province and have annual payrolls of $220 million. In many cases, these companies are the major employer in a community and the source of that community's prosperity.

These assisted businesses generate more than $1.3 billion a year in sales, of which 70% is for export markets. In addition to directly employing 10,000 people in communities throughout Nova Scotia, these companies create additional employment through spin-off and related jobs.

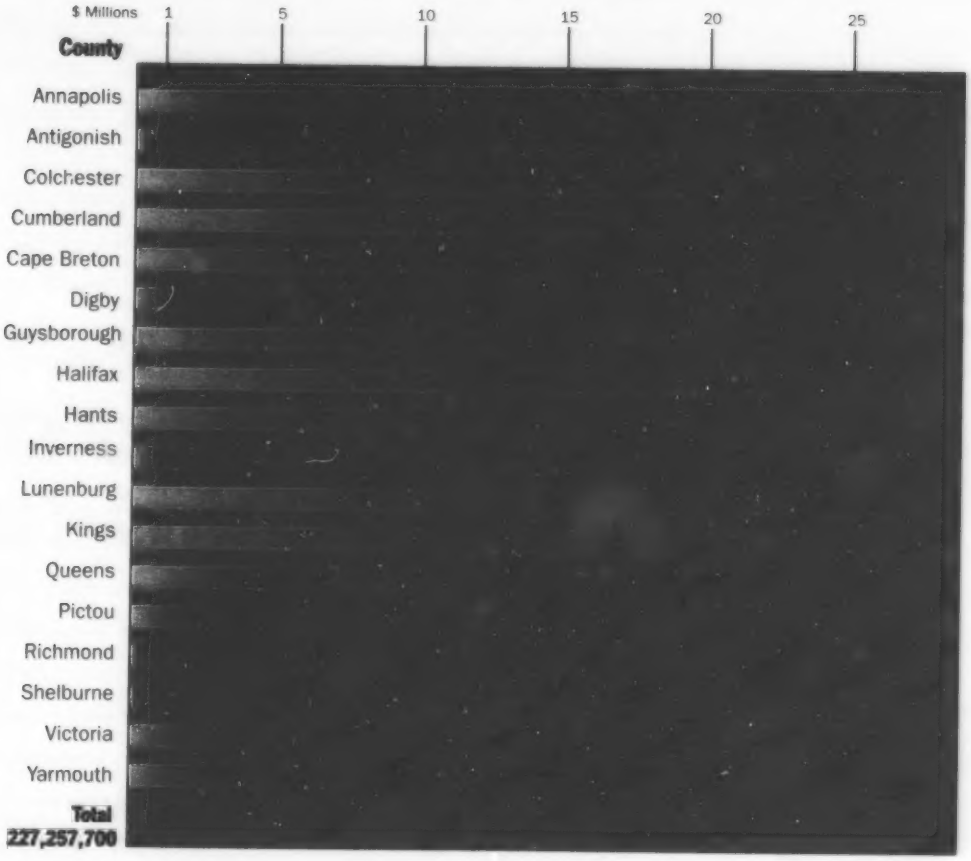
The tourism sector is also a focus as it generates significant employment, especially in rural areas

The corporation's funding of these businesses results in significant benefit to the provincial economy. Based on the wages earned by these 22,000 Nova Scotians, the province receives an additional $48 million annually in direct income taxes. This revenue would not be available but for the operations of these companies.

The corporation does not present a statement of earnings since all revenues received are credited to the Department of Finance and all operating expenses are charged to the Department of Economic Development. However, we can derive a pro-forma statement of economic impact to illustrate the results of the corporation's lending activity. The following pro-forma statement of economic impact is based on an analysis of 50 of the Corporation's major clients.

Chart 1

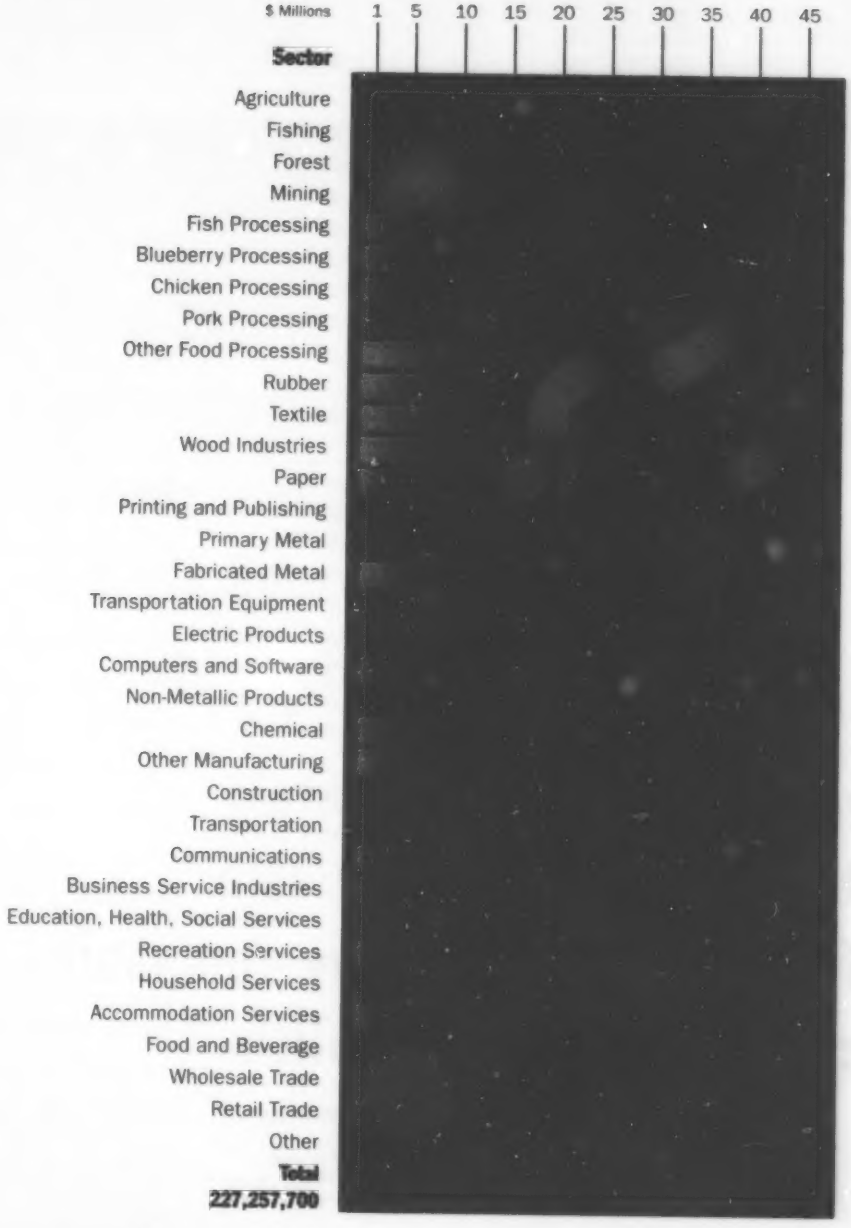
NSBDC Assistance Authorized by County



1999

Chart 2

NSBDC Sectoral Analysis



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NSBDC Pro-Forma Statement of Economic Impact

Revenue	
from earned Household Income	$45,000,000
Interest Income	9,000,000
	54,000,000
Expenses	
Operating Costs	1,600,000
Average annual write-off	4,600,000
	20,200,000
Incremental tax revenue to Province of Nova Scotia	$33,800,000

The pro-forma statement of earning demonstrates that the province earns approximately $34 million net annually as a result of the operations of only the 50 largest companies that we helped to establish and expand. It should be noted that the tax revenue associated with the construction of capital assets for these companies is not included in the above assessment, nor does the statement include the tax revenue from 1,000 companies that the corporation has assisted in the past and whose loans have been paid in full nor the tax revenues from the other 200 companies NSBDC has assisted.

Concessionary Assistance and Allowance for Doubtful Accounts

The NSBDC has provided financing on concessionary terms to certain clients as a component of financial restructuring. From time to time we make special arrangements as a way of assisting clients who are experiencing financial difficulties to restructure their debt, while allowing them to maintain operations and continue to employ Nova Scotians. Concessionary terms may involve an extended repayment schedule, reduced interest rates, or financing structured as income bonds or preferred shares. Provision for concessionary assistance remained stable but the allowance for doubtful accounts decreased by $7 million when one large account was written off during the year.

The province earns approximately a net $34 million annually as a result of the operations of the companies which we helped to establish and expand

NSBDC Pro-Forma Statement of Economic Impact

Revenue	
Estimated Direct and Indirect Tax Revenue from earned Household Income	**$45,000,000**
Interest Income	9,000,000
	54,000,000
Expenses	
Inputed Interest Cost on Loan Portfolio @7%	**14,000,000**
Operating Costs	1,600,000
Average annual write-off	4,600,000
	20,200,000
Incremental tax revenue to Province of Nova Scotia	$33,800,000

The pro-forma statement of earning demonstrates that the province earns approximately $34 million net annually as a result of the operations of only the 50 largest companies that we helped to establish and expand. It should be noted that the tax revenue associated with the construction of capital assets for these companies is not included in the above assessment, nor does the statement include the tax revenue from 1,000 companies that the corporation has assisted in the past and whose loans have been paid in full nor the tax revenues from the other 200 companies NSBDC has assisted.

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The province earns approximately a net $34 million annually as a result of the operations of the companies which we helped to establish and expand

The NSBDC administers 17 industrial parks with a net value of $24 million. These parks consist of land in various stages of maturity, from undeveloped to fully developed with serviced lots. Approximately 5,500 acres are under administration. The parks also include buildings, eight of which are used as incubator malls.

Assistance Authorized but Unadvanced

The corporation has authorized $43 million in financial assistance, which has yet to be advanced. This is an increase of $15 million from the previous year. In the past two years we have authorized more than $100 million in financial assistance. A large percentage of the financial assistance authorized relates to the construction of capital assets. The general policy of the corporation is to reimburse clients after expenditures are incurred. This means there can often be a considerable period of time from the date of authorization to the date of disbursement. The increase in assistance authorized but unadvanced reflects the increased activity and time periods associated with the construction of capital assets.

...contributed to the enhancement, creation and maintenance of direct employment opportunities for 2,100 Nova Scotians

1998-99 Lending activity

During the year the corporation approved 51 authorizations for loans, guarantees and shares totalling $55.4 million. We estimate that this financial assistance helped to enhance, create and maintain direct employment opportunities for 2,100 Nova Scotians. The assisted companies pay $47 million annually in wages and have sales of $219 million.

Appendix 2 lists the companies, amount of assistance authorized and a general description of the use of funds.

Financial assistance was provided primarily in the form of loans for fixed asset acquisition and to provide guarantees to banks in support of credit facilities of client companies (Table 1).

Table 2 provides information on the sectors receiving financial assistance, together with the estimated associated employment. As in past years, financial assistance was directed primarily at the manufacturing sector, with a major focus on the food processing sector and the wood, plastic and fabric manufacturing industries. Table 3 provides details on the geographic distribution of authorizations.

Table 1

Purpose of 1998-99 Authorizations

Purpose of Authorizations	Number	Amount
[illegible]	4	[illegible]
Shares	3	450,000
TOTAL	51	$55,434,400

Accounts written off

During the current fiscal year a total of $8,865,308 was written off, representing 17 accounts. Dynatek, a failed computer manufacturer, accounted for $7,015,542, or 79% of the total amount written off. The financial impact on operating results during the current year was minimal since 98.5% of the amount written off had been previously recognized as doubtful accounts. Accounts are written off after we have exhausted all possible efforts to realize on security and no further recourse to recovery is available.

Industrial Parks and Properties

We undertook capital projects of $1,243,000 during the year for infrastructure improvements to industrial parks. Sales from industrial land totalled $727,000.

Cash Flow and Revenues

During the current year, the corporation advanced $37 million on authorized financial assistance for loans. $24 million was received in principal repayments. The portfolio earned interest revenue of $8.2 million during the fiscal year.

Table 2

Financial Assistance by Sector - 1999

Sector	Amount	Percentage	Employment
[illegible]	[illegible]	[illegible]	[illegible]
Metal Fabrication	[illegible]	[illegible]	[illegible]
Other Manufacturing	1,005,000	1.81%	86
Other	1,367,000	2.47%	211
Tourism	1,389,200	2.50%	150
Wood, Plastics, Fabrics	16,335,700	29.47%	739
	55,434,400	100.00%	2,124

Table 3

Authorizations by County

No. of Loans	County	Amount Approved	Employment
[illegible]	[illegible]	[illegible]	[illegible]
2	[illegible]	[illegible]	[illegible]
2	Digby	[illegible]	[illegible]
2	Guysborough	[illegible]	[illegible]
11	Halifax	5,947,000	279
4	Hants	9,620,000	217
1	Inverness	250,000	30
2	Kings	622,000	110
4	Lunenburg	3,549,200	130
3	Pictou	1,710,000	105
1	Shelburne	150,000	6
4	Victoria	537,200	77
4	Yarmouth	5,820,000	138
51		55,434,400	2,124

Table 2 provides information on the sectors receiving financial assistance, together with the estimated associated employment. As in past years, financial assistance was directed primarily at the manufacturing sector, with a major focus on the food processing sector and the wood, plastic and fabric manufacturing industries. Table 3 provides details on the geographic distribution of authorizations.

Table 1

Purpose of 1998-99 Authorizations

Purpose of Authorizations	Number	Amount
Loans	44	$54,084,400
Guarantees	4	900,000
Shares	3	450,000
TOTAL	51	$55,434,400

Accounts written off

During the current fiscal year a total of $8,865,308 was written off, representing 17 accounts. Dynatek, a failed computer manufacturer, accounted for $7,015,542, or 79% of the total amount written off. The financial impact on operating results during the current year was minimal since 98.5% of the amount written off had been previously recognized as doubtful accounts. Accounts are written off after we have exhausted all possible efforts to realize on security and no further recourse to recovery is available.

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We undertook capital projects of $1,243,000 during the year for infrastructure improvements to industrial parks. Sales from industrial land totalled $727,000.

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During the current year, the corporation advanced $37 million on authorized financial assistance for loans. $24 million was received in principal repayments. The portfolio earned interest revenue of $8.2 million during the fiscal year.

Table 2

Financial Assistance by Sector - 1999

Sector	Amount	Percentage	Employment
Entertainment	1,375,000	2.48%	15
Food Processing	24,817,500	44.77%	484
Information Technology	2,500,000	4.51%	80
Metal Fabrication	6,645,000	11.99%	359
Other Manufacturing	1,005,000	1.81%	86
Other	1,367,000	2.47%	211
Tourism	1,389,200	2.50%	150
Wood, Plastics, Fabrics	16,335,700	29.47%	739
	55,434,400	100.00%	2,124

Table 3

Authorizations by County

No. of Loans	County	Amount Approved	Employment
1	Annapolis	4,907,000	284
6	Cape Breton	1,160,000	69
4	Colchester	2,132,000	245
2	Cumberland	675,000	83
2	Digby	185,000	84
2	Guysborough	18,170,000	267
11	Halifax	5,947,000	279
4	Hants	9,620,000	217
1	Inverness	250,000	30
2	Kings	622,000	110
4	Lunenburg	3,549,200	130
3	Pictou	1,710,000	105
1	Shelburne	150,000	6
4	Victoria	537,200	77
4	Yarmouth	5,820,000	138
51		55,434,400	2,124

Community Business Loan Program

The Community Business Loan Program was established in 1993 to encourage the development of small business throughout the province.

Since then, we have approved 900 applications for financing totalling $9 million for loans to assist with project costs of approximately $16 million.

The program has helped more than 1,700 Nova Scotians establish and support new business and employment opportunities. It has helped to create more than 300 new businesses.

Activity in the program has slowed in recent years as a result of the introduction of similar programs by others. The Community Business Loan Program is currently under review to determine if it still satisfies a need for small business financing and is an effective use of capital resources by the government.

Industrial Expansion Fund

There was significant activity during the year in the Industrial Expansion Fund with 14 transactions with a total value of $163 million being authorized. Assistance was provided in the following forms:

Guarantees (5)	$130,000,000
Shares (1)	$1,500,000

Most significant of the amounts provided under the guarantees were an $80 million guarantee to the Irving Shipbuilding Corporation and a $47 million guarantee to Secunda Marine International Inc. These guarantees were provided as part of a strategic initiative to ensure that Nova Scotian companies can develop a prominent role in the East Coast offshore industry. The guarantees relate to the construction and operation of up to six anchor handling offshore supply vessels with an aggregate value of more than $200 million.

The fund authorized the following transactions during the current year:

Loans		
[illegible]	[illegible]	[illegible]
Sable Fish Packers	4,000,000	Maintenance of herring processing facility in South West Nova Scotia
Environmental Indemnity	570,000	Remediation of site at Trenton Works
Oak Island Inn	1,385,000	Fixed asset financing
Scotia Rainbow	800,000	Loan for salmon aquaculture facility
Pork Nova Scotia	3,500,000	Loan to stabilize pork fund
Coop Atlantic	1,930,000	Construction of frozen food facility in Sydney
Irving Shipbuilding Inc.	15,000,000	Purchase and refurbishment of dry dock for the Halifax shipyard

Shares		
[illegible]	[illegible]	[illegible]

Guarantees		
[illegible]	[illegible]	[illegible]
Scotia Rainbow	2,000,000	Guarantee to support bank line of credit for expansion of major aquaculture project in Arichat
Rosedale Farms	1,000,000	Guarantee to support bank line of credit for expansion of mink operation in Digby County

The financial assistance provided by the fund supports the activities of more than 1,900 employees, 600 of which are new positions. In total, more than 7,700 Nova Scotians are employed by companies that have received financial assistance from the Industrial Expansion Fund. These companies generate more than $2.2 billion annually in sales and pay their employees more than $319 million annually in salaries and wages. More than 10,000 spin-off jobs are associated with the companies. The activities of companies supported by the financing activities of the Industrial Expansion Fund generate more than $65 million annually in incremental tax revenues.

No additional funding has been authorized under the Venture Corporations Act for several years. We continue to administer existing accounts as defined in the Act.

Community Business Loan Program

The Community Business Loan Program was established in 1993 to encourage the development of small business throughout the province.

Since then, we have approved 900 applications for financing totalling $9 million for loans to assist with project costs of approximately $16 million.

The program has helped more than 1,700 Nova Scotians establish and support new business and employment opportunities. It has helped to create more than 300 new businesses.

Activity in the program has slowed in recent years as a result of the introduction of similar programs by others. The Community Business Loan Program is currently under review to determine if it still satisfies a need for small business financing and is an effective use of capital resources by the government.

Industrial Expansion Fund

There was significant activity during the year in the Industrial Expansion Fund with 14 transactions with a total value of $163 million being authorized. Assistance was provided in the following forms:

Loans (8)	**$31,800,000**
Guarantees (5)	$130,000,000
Shares (1)	$1,500,000

Most significant of the amounts provided under the guarantees were an $80 million guarantee to the Irving Shipbuilding Corporation and a $47 million guarantee to Secunda Marine International Inc. These guarantees were provided as part of a strategic initiative to ensure that Nova Scotian companies can develop a prominent role in the East Coast offshore industry. The guarantees relate to the construction and operation of up to six anchor handling offshore supply vessels with an aggregate value of more than $200 million.

The fund authorized the following transactions during the current year:

Loans		
Client	**Amount**	**Purpose**
MM Industra	2,350,000	Purchase of and improvements to Pictou Shipyard
Glenora Distillers	250,000	Stand by letter of credit
Cochran Communications	2,500,000	Capital Investment in Pit Pony series of television production
Sable Fish Packers	4,000,000	Maintenance of herring processing facility in South West Nova Scotia
Environmental Indemnity	570,000	Remediation of site at Trenton Works
Oak Island Inn	1,385,000	Fixed asset financing
Scotia Rainbow	800,000	Loan for salmon aquaculture facility
Pork Nova Scotia	3,500,000	Loan to stabilize pork fund
Coop Atlantic	1,930,000	Construction of frozen food facility in Sydney
Irving Shipbuilding Inc.	15,000,000	Purchase and refurbishment of dry dock for the Halifax shipyard
Shares		
Seagull Pewter & Silversmiths	1,500,000	Equity investment in company expansion
Guarantees		
Irving Shipbuilding Inc.	**80,000,000**	**Guarantee for construction of up to 4 offshore anchor handling supply vessels**
Secunda Marine International Inc	47,000,000	Guarantee for conversion of 2 offshore anchor handling supply vessels
Scotia Rainbow	2,000,000	Guarantee to support bank line of credit for expansion of major aquaculture project in Arichat
Rosedale Farms	1,000,000	Guarantee to support bank line of credit for expansion of mink operation in Digby County

The financial assistance provided by the fund supports the activities of more than 1,900 employees, 600 of which are new positions. In total, more than 7,700 Nova Scotians are employed by companies that have received financial assistance from the Industrial Expansion Fund. These companies generate more than $2.2 billion annually in sales and pay their employees more than $319 million annually in salaries and wages. More than 10,000 spin-off jobs are associated with the companies. The activities of companies supported by the financing activities of the Industrial Expansion Fund generate more than $65 million annually in incremental tax revenues.

No additional funding has been authorized under the Venture Corporations Act for several years. We continue to administer existing accounts as defined in the Act.

Financial Statements

Nova Scotia Business Development Corporation Fund
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Nova Scotia Business Development Corporation Fund
Auditor's Report

To the Members of the Legislative Assembly; and

To the Minister of Economic Development and Tourism

I have audited the balance sheet of the Nova Scotia Business Development Corporation as at March 31, 1999, and the statement of continuity of fund for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

These financial statements reflect proposed write-offs of assistance outstanding of $9,206,734 which were yet to be approved by Governor in Council as required under Section 23 of the Provincial Finance Act.

In my opinion, except for the effect of adjustments, if any, which I might determine to be necessary should the Governor in Council not approve the amounts for write-off, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1999, and the continuity of fund for the year then ended in accordance with the basis of accounting required by Section 15 of the Business Development Corporation Act and the accounting policies detailed in Note 2 to the financial statements.

E.R. Salmon, FCA
Auditor General

Halifax, Nova Scotia
May 14, 1999

Nova Scotia Business Development Corporation Fund
Balance Sheet

March 31	1999	1998 (in thousands)
Assets		
Loans and shares, at cost		
Loans receivable	$ 145,765	$ 140,225
Venture investments	7,034	
Community Business Loan Program	4,008	4,038
Shares (Note 3)	17,272	17,560
	174,079	161,823
Less: Provision for concessionary assistance (Note 4)	24,402	24,703
Allowance for doubtful accounts	20,271	27,279
	44,673	51,982
	129,406	109,841
Industrial parks (Note 5)	24,408	23,891
Other assets	1,769	5,894
Less: Provision for decline in value	263	711
	1,506	5,183
Due from consolidated fund		
Guarantees (Note 6)	12,213	17,624
Less: Provision for payment under guarantees	2,461	2,062
	9,752	15,562
Assistance authorized but unadvanced	42,848	27,305
	52,600	42,867
	$ 207,920	$ 181,782
Funding Authorized and Committed		
Authorized, net of write-offs	$ 294,595	$ 303,802
Less: Provision for concessionary assistance and possible losses on assistance (Note 7)	47,397	54,755
Net fund balance	247,198	249,047
Less: Uncommitted balance of fund	39,278	67,265
	$ 207,920	$ 181,782

Contingency (Note 8)
Uncertainty due to the Year 2000 issue (Note 9)

On behalf of the Board

Chairperson

President and C.E.O.

See accompanying notes to the financial statements.

Nova Scotia Business Development Corporation Fund
Statement of Continuity of Fund

March 31	1999	1998 (in thousands)
Balance, beginning of year	$ 303,802	$ 312,938
Deduct: Accounts written off	9,207	9,136
Balance, end of year	$ 294,595	$ 303,802
Comprising:		
Loans receivable, shares and other assets	$ 175,848	$ 167,717
Industrial parks	24,408	23,891
Guarantees in effect and utilized	10,870	9,059
Loans and other investments authorized, but unadvanced and guarantees in effect but not utilized	44,191	35,870
Uncommitted balance	39,278	67,265
	$ 294,595	$ 303,802

See accompanying notes to the financial statements.

Nova Scotia Business Development Corporation Fund
Notes to the Financial Statements

1. Authority

The Nova Scotia Business Development Corporation was established pursuant to the Business Development Corporation Act. The Act provided for the creation of the Nova Scotia Business Development Corporation Fund. The object of the corporation is to encourage business development in the province by providing financial assistance to business through the fund, or such other assistance as may be determined by the Governor-in-Council. The corporation's activities are administered through a division of Economic Development and Tourism.

2. Accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by paragraphs (a), (b), (c), (f) and (g) below.

Administrative Expenses and Interest Revenue

(a) Administrative expenses of the corporation and revenues earned on guarantees are included in the accounts of Economic Development and Tourism and are not reflected in the financial statements of the fund. Interest and other income earned on loans and shares is included in the accounts of the Department of Finance and are not reflected in the financial statements.

Statement of Cash Flows

(b) A statement of cash flows is not provided since disclosure in the statements of continuity of the fund and the balance sheet are considered adequate.

Current Assets

(c) Payments receivable within one year of the balance sheet date are not segregated and classified as current assets.

Venture Investments

(d) Venture investments represent financial assistance (in the form of loans) to companies in emerging technology sectors and are primarily secured by interests in intellectual property and other assets. Venture investments are initially recorded at cost. These investments continue to be carried at cost unless there exists persuasive evidence of a decrease in value as indicated by the assessment of the financial condition of the investment based on operational results, forecasts and other developments.

Industrial Parks

(e) Industrial parks are carried at cost of acquisition plus direct costs of improvements, net of proceeds of disposal. Selling prices are established using estimated market value. The park lands are reflected on an aggregate basis at the lower of cost or estimated market value.

(f) The buildings in the parks are carried at book value. No depreciation is charged on the buildings.

(g) Operational responsibility for the industrial parks has been assigned to the Department of Transportation and Public Works. Revenues and expenses associated with the operation of the industrial parks are accounted for by the Department of Transportation and Public Works and are not reflected in these financial statements.

Other Assets

(h) Properties acquired through foreclosure are carried at the cost of acquisition and are subject to a provision for write down annually to estimated realizable value.

Nova Scotia Business Development Corporation Fund
Notes to the Financial Statements (cont'd)

Provision for Concessionary Assistance

(i) The corporation provides for the effect of the decrease in valuation of certain loans and shares due to assistance being provided with concessionary terms.

Allowance for Doubtful Accounts

(j) The corporation provides for possible losses on guarantees authorized, loans receivable, shares and other assets on an item-by-item basis except for loans under the Community Business Loan Program for which a blanket provision is determined based on prior years' loan performance. In addition, a general reserve is provided on any unreserved assistance outstanding.

3. Shares

	1999	1998 (in thousands)
Preferred shares	$ 13,372	$ 12,960
Common shares and equity interests	3,900	4,600
	$ 17,272	$ 17,560

4. Provision for concessionary assistance

Concessionary assistance is the difference between the net present value at year end of the anticipated future repayments to be received by the fund and the amount of assistance advanced to an economic entity on the usual established commercial terms of the corporation.

The terms of concessionary assistance through the corporation include low interest rates, extended repayment terms and forgiveness clauses. This assistance is recorded at cost and reduced by the Provision for Concessionary Assistance. Any adjustments to, or recovery of, the net present value of this assistance in subsequent years is reflected in the Provision for Concessionary Assistance. The assistance outstanding, provision for concessionary assistance and net book value related to each of loans and shares are as follows:

	1999		(in thousands)	1998
	Assistance Outstanding	Provision for Concessionary Assistance	Net Book Value	Net Book Value
Loans	$ 25,090	$ 17,195	$ 7,895	$ 17,290
Shares	12,425	7,206	5,219	4,920
	$ 37,515	$ 24,401	$ 13,114	$ 22,210

5. Industrial parks

These parks consist of land in various stages of development from unimproved to fully developed and serviced lots. The parks also include buildings which are mainly used as incubator malls.

No provision has been made to reflect on an individual park-by-park basis the difference between the carrying cost and fair market value. As at March 31, 1999 the cost of parks in excess of management's determination of market value totalled $7,104,592 (market value $2,830,000). The cost of parks where market value exceeded cost was $10,729,758 (market value - $18,300,000). This results in an estimated net excess of current market value over carrying cost of approximately $3,296,000.

The balance of the cost of industrial parks of $6,573,220 is represented by the book value of the incubator malls, other buildings and property at March 31, 1999.

6. Guarantees

	1999	1998 (in thousands)
Guarantees – in effect and utilized	$ 10,870	$ 9,059
Guarantees – in effect but not utilized	1,343	8,565
	$ 12,213	$ 17,624

During the year, one guarantee totalling $221,443 was paid out.

7. Provision for concessionary assistance and possible losses on assistance

The following is a continuity of the provision:

	1999	1998 (in thousands)
Balance, beginning of year	$ 54,755	$ 65,584
Add: Current year provision (recovery)	1,849	(1,693)
Deduct: Accounts written off	9,207	9,136
Balance, end of year	$ 47,397	$ 54,755

8. Contingency

The corporation has entered into agreements which provide for the funding of expenditures incurred by third parties in respect of environmental remediation of contaminated sites. An estimate of the amount of future costs under these agreements cannot be reasonably determined and is not reflected in the financial statements.

Nova Scotia Business Development Corporation Fund
Notes to the Financial Statements (cont'd)

9. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Industrial Expansion Fund
Auditor's Report

To the Members of the Legislative Assembly; and

To the Minister of Economic Development and Tourism

I have audited the balance sheet of the Industrial Expansion Fund as at March 31, 1999, and the statements of continuity of fund for the year then ended. These financial statements are the responsibility of the Nova Scotia Business Development Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

These financial statements reflect proposed write-offs of assistance outstanding of $24,377,735 which were yet to be approved by Governor in Council as required under Section 23 of the Provincial Finance Act.

In my opinion, except for the effect of adjustments, if any, which I might determine to be necessary should the Governor in Council not approve the amounts for write-off, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 1999, for the year then ended in accordance with the basis of accounting required by Section 8 of the Industrial Development Act and the accounting policies detailed in Note 2 to the financial statements.

E.R. Salmon, FCA
Auditor General

Halifax, Nova Scotia
May 14, 1999

Industrial Expansion Fund
Balance Sheet

March 31	1999	1998 (in thousands)
Assets		
Financial assets, at cost		
Loans – Industrial Development Act	**$ 83,912**	$ 77,139
Loans – Venture Corporations Act (Note 3)	**2,188**	2,188
Royalty rights (Note 4)	**9,991**	5,186
Shares (Note 5)	**8,940**	11,551
	105,031	96,064
Less: Provision for concessionary assistance (Note 6)	**54,632**	62,397
Allowance for doubtful accounts	**4,725**	7,432
	59,357	69,829
	45,674	26,235
Other assets		846
Due from Consolidated Fund		
Guarantees (Note 7)	**143,600**	39,782
Less: Provision for payment under guarantees	**50**	2,075
	143,550	37,707
Assistance authorized but unadvanced (Note 8)	**54,302**	51,079
	197,852	88,786
	$ 243,526	$ 115,867
Funding Authorized and Committed		
Authorized, net of write-offs		
Industrial Development Act	**$ 332,449**	$ 276,827
Venture Corporations Act	**5,685**	5,685
Contributed Surplus (Note 9)	**1,138**	1,984
	339,272	284,496
Less: Provision for concessionary assistance and possible losses on assistance (Note 10)	**59,407**	71,904
Net Fund balance	**279,865**	212,592
Less: Uncommitted balance of Fund	**36,339**	96,725
	$ 243,526	$ 115,867

Contingency (Note 11)
Uncertainty due to the Year 2000 Issue (Note 12)

On behalf of the Board

President and C.E.O.

See accompanying notes to the financial statements.

Industrial Expansion Fund
Statement of Continuity of Fund under the Industrial Development Act

March 31	1999	1998 (in thousands)
Balance, beginning of year	$ 276,827	$ 292,145
Add: Additional funds authorized	80,000	
	356,827	292,145
Deduct: Accounts written off	24,378	15,318
Balance, end of year	$ 332,449	$ 276,827
Comprising:		
Loans, shares, rights and other assets	$ 101,775	$ 92,808
Guarantees in effect and utilized	15,700	31,282
Loans and other investments authorized but unadvanced, and guarantees in effect but not utilized	182,202	59,579
Uncommitted balance	32,772	93,158
	$ 332,449	$ 276,827

See accompanying notes to the financial statements.

Statement of Continuity of Fund under the Venture Corporations Act

March 31	1999	1998 (in thousands)
Balance, beginning of year	$ 5,685	$ 6,738
Deduct: Accounts written off		1,053
Balance, end of year	$ 5,685	$ 5,685
Comprising:		
Loans advanced	$ 2,188	$ 2,188
Uncommitted balance	3,497	3,497
	$ 5,685	$ 5,685

See accompanying notes to the financial statements.

Industrial Expansion Fund
Statement of Continuity of Fund under the Canada-Nova Scotia Development Fund Agreement

March 31	1999	1998 (in thousands)
Balance	$ 1,984	$ 1,984
Deduct: Provision for loss	846	
	$ 1,138	$ 1,984
Comprising:		
Acquired assets	$	$ 845
Loans advanced	1,068	1,069
Uncommitted balance	70	70
	$ 1,138	$ 1,984

See accompanying notes to the financial statements.

Industrial Expansion Fund
Notes to the Financial Statements

1. Authority

The Industrial Expansion Fund was established under the Industrial Development Act. The fund is used for the purposes of establishing, assisting, developing or expanding industries in the province.

The Business Development Corporation Act provides that the Industrial Expansion Fund may be administered by the Nova Scotia Business Development Corporation. A ministerial letter of assignment was issued authorizing the corporation to administer the Industrial Expansion Fund as it related to the accounts sent to the corporation for administration from time to time. The corporation's activities are administered through a division of Economic Development and Tourism.

2. Accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles modified by paragraphs (a), (b) and (c) below. Paragraphs (d), (e) and (f) describe significant accounting policies of the fund.

Administrative expenses and interest revenue

(a) Administrative expenses of the fund, and revenues earned on guarantees are included in the accounts of Economic Development and Tourism and are not reflected in the financial statements. In addition, accrued loan interest is not recognized as a receivable in the financial statements of the fund. Interest and other income earned on loans and shares is included in the accounts of the Department of Finance and are not reflected in the financial statements.

Statement of cash flows

(b) A statement of cash flows is not provided since disclosure in the statements of continuity of the fund and the balance sheet are considered adequate.

Current assets

(c) Payments receivable within one year of the balance sheet date are not segregated and classified as current assets.

Provision for concessionary assistance

(d) The fund provides for the effect of the decrease in the valuation of certain loans and shares due to assistance being provided with concessionary terms.

Allowance for doubtful accounts

(e) The fund provides for possible losses on guarantees authorized, loans receivable, shares and other assets on an item-by-item basis.

Royalty rights

(f) Royalty rights are valued at cost. The value of these rights is assessed annually by estimating the net present value of anticipated cash flows. If the carrying value of the right exceeds the net present value of future cash flows, the right is written down to the net present value.

Industrial Expansion Fund
Notes to the Financial Statements (cont'd)

3. Venture Corporation Act

The Venture Corporations Act was assented to June 5, 1980 and came into force January 28, 1981. This Act was enacted to provide a means of encouraging investment in small businesses in Nova Scotia.

A company that qualifies as a venture corporation may receive loans under this Act. Loan proceeds must be used to purchase shares or grant unsecured loans to eligible small businesses. Principal repayments and accrual of interest are not required to commence until the tenth anniversary of such loans.

The Act directs that money provided shall be financial assistance within the meaning of the Industrial Development Act, and payments made pursuant to the Act shall be made out of the Industrial Expansion Fund.

During the year no repayments (1998 - $75,000) were received.

	1999	1998 (restated Note 13) (in thousands)
Loans made to venture corporations	**$ 2,188**	$ 2,188
Less: Allowance for doubtful accounts	**1,566**	1,648
	$ 622	$ 540

4. Royalty rights

During the year, the fund provided funds ($4,545,000; 1998 - $5,446,000) to companies under royalty agreements to provide a return on its investment. The royalty payments are based upon net sales of the companies.

5. Shares

	1999	1998 (in thousands)
Preferred shares	**$ 7,384**	$ 9,995
Common shares	**1,556**	1,556
	$ 8,940	$ 11,551

Industrial Expansion Fund
Notes to the Financial Statements

6. Provision for concessionary assistance

Concessionary assistance is the difference between the net present value at year end of the anticipated future repayments to be received by the fund and the amount of assistance advanced to an economic entity on the usual established commercial terms of the fund.

The terms of concessionary assistance provided by the fund has included low interest rates, extended repayment terms and forgiveness clauses. This assistance is recorded at cost and reduced by the Provision for Concessionary Assistance. Any adjustments to, or recovery of, the net present value of this assistance in subsequent years is reflected in the Provision for Concessionary Assistance.

The assistance outstanding, provision for concessionary assistance and net book value related to loans and shares are as follows:

	1999			1998
			(in thousands)	
	Assistance Outstanding	**Provision for Concessionary Assistance**	**Net Book Value**	Net Book Value
Loans	**$ 58,201**	**$ 51,712**	**$ 6,489**	$ 10,071
Shares	**5,884**	**2,920**	**2,964**	2,556
	$ 64,085	**$ 54,632**	**$ 9,453**	$ 12,627

7. Guarantees

Guarantees have been provided for the following purposes:

	1999	1998
		(in thousands)
Authorized		
Bank loan guarantees	**$ 143,600**	$ 14,782
Performance guarantee		25,000
	$ 143,600	$ 39,782
In effect and utilized		
Bank loan guarantees	**$ 15,700**	$ 6,282
Performance guarantee		25,000
	15,700	31,282
In effect but not utilized	**$ 127,900**	$ 8,500
	$ 143,600	$ 39,782

During the year, one guarantee of $27,500 was paid out.

Industrial Expansion Fund
Notes to the Financial Statements

8. Assistance authorized but unadvanced

	1999	1998 (in thousands)
Loans	$ 51,968	$ 48,745
Shares	2,334	2,334
	$ 54,302	$ 51,079

9. Contributed Surplus

Contributed surplus represents the balance of funds provided to the Industrial Expansion Fund for the purpose of providing assistance in accordance with the terms of the Canada-Nova Scotia Development Fund Agreement.

10. Provision for concessionary assistance and possible losses on assistance

The following is a continuity of the provision:

	1999	1998 (in thousands)
Balance, beginning of year	$ 71,904	$ 73,832
Add: Current year provision	14,341	14,443
Deduct: Accounts written-off	(24,378)	(16,371)
Change in accounting estimate (Note 13)	(2,460)	
Balance, end of year	$ 59,407	$ 71,904

11. Contingency

The fund has entered into agreements which provide for the funding of expenditures incurred by third parties in respect of environmental remediation of contaminated sites. Estimates of the amount of future costs, if any, under these agreements cannot be made with any certainty and are not reflected in the financial statements.

12. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

13. Change in accounting estimate

During the year, the fund changed its method of calculating the allowance for doubtful accounts. Due to the limited number of authorized accounts, it is appropriate to determine reserves on an item-by-item basis. Management feels a general reserve over this amount is not required. This change in accounting estimate is being accounted for prospectively.

Appendix 1

Nova Scotia Business Development Corporation
Client List

236896 Nova Scotia Limited
3-D Auto Parts Limited
ACA Cooperatives
ACS Trading Inc.
Advanced Materials Engineering Centre
Adventus
Aftermath Television Productions
Agricultural Enterprises Limited
Agrokings
Annapolis Basin Seafood
Antigonish Kitchen and Design Ltd.
Atkinson & Bower Limited
Atlantech Extrusion Incorporated
Atlantic Beach Resort Ltd.
Atlantic Biochemicals
Atlantic By- Catch
Atlantic Confections
Atlantic Hardchrome
Atlantic Low Temperature Limited
Atlantic Pearl Seafood
Aurora Inn Ltd.
Avon Spirit Incorporated
A.F. Theriault & Son Limited
A.F.T. Sawmill
Baddeck Small Engine Centre Limited
Barry E. Bartlett Holdings
Bebbington Chemicals Incorporated
Beinn Bhreagh Houseboats Limited
Bell Bay Golf Developments Inc.
Blue Mist Pewters
Bluewave Seafoods Inc.
Bobb's Seafood Burger Take-Out
Brine's of New Waterford
Britex Ltd.
Brocklin Toys Limited
Brooklyn Energy
B. A. Fraser Lumber Limited
Canso Tire Limited
Casey Fisheries Limited
Causeway Autobody Limited
Causeway Electrical Supply Limited
Cheticamp Motel
Classic Cheesecake
Clearwater Atlantic Seafoods Inc.
Coastal Van and Storage Limited
Cobi Foods Inc.
Cochrane Marine
Cock, Eldon R. and Margaret
Community Lodge
Copol International
Coxheath Gold Holdings Limited
Crossley Carpet Mills Limited
Crowell Eel Processors Ltd.
Da-Nite Neon Signs
Data Home Systems
Dave Smith Jr. Auto Sales Limited
Dennis Haverstock Funeral Homes Limted
Dixon's Marine Welding Limited
Duck Cove Inn Limited
Dynatek
E & M Burgess
East Coast Ropes Limited
East Side Auto Salvage Limited
Eastcan Geomatics
Eastern Lumber Kilns Limited
Eastern Protein Foods Ltd.
EBF Manufacturing
ECI Medical Technologies Inc.
Eric's Engine Shop
Fair Isle Motel & Apartments
Family Fries
Finger Tek/Harry Freeman
Fleur de Lis Motel Limited
Forest Insight Limited
Fundy Fibreglass
G J D E Enterprises Limited
G W Reid Well Drilling Company Ltd.
Glengarry Motel & Restaurant Limited

Appendix 1 (cont'd)

Nova Scotia Business Development Corporation Client List

Global Forwarding Company Limited
Golf Street Collision Shop
Granville Gates Ltd
Gulf Protective Coatings Limited
Gulf Trading Limited
H MacPherson's Deli Ltd
H & H Fisheries
Hanbeck Sea Products
Harry Freeman & Son Limited
Hawboldt Industries
Heritage Stairway
High Liner Foods
Highland Heights Inn Limited
Holdright Lumber
Homestead Kitchens Limited
Huston's The Butcher Shop
Icom Alliance Incorporated
IMX Divine Ryans
IMX New Waterford
Inland Technologies
Interhabs
Island Resources Limited
ITC Canada
John D Steele's Sons Limited
Jones, Marilyn & Kenzie
Julimar Lumber Company Limited
K P C K May Holdings Limited Et Al
Kelly Rock Limited
Ken-O-Mee Log Homes Limited
Ken Norwood Auto Repair
Kenneth & Charlotte Roberts
Kerr Controls Limited
L & A Electric Limited
Lanceleve Victorian Woodworking
Larsen Packers Limited
Laurie's Motel Ltd.
LeBlanc Printing (1993) Limited
Levy's Handcrafts Limited
Lewis Moulding & Wood Specialties Limited
Little Red Restaurants Limited
Lobster Treat Limited
Loffler International
Lunenburg Foundry Limited
M & M Manufacturing Limited Partnership
MacDonald, John A.
Mactara Limited
MAK Investments
Marathon Bakery
Mardelli Publishing
Maritime Greeting
Maritime Tractor Repairs Limited
Marshall Hassin's Furniture and Appliances Ltd.
Marwood Limited
Mary Tay Foods
Merlin Fish Farms Limited
Mermaid Motel Limited
Metocean Data Systems Limited
Minas Basin Pulp and Power Limited
Mitchell's Sharpening & Small Engine Repair Ltd.
Mosher Limestone Company
Mountain Gap Inns Limited
Multi Mesh Distribution Inc.
Municipality of the County of Richmond
M.P. Valley Lumber
Neocon International Incorporated
Nova Scotian Crystal Limited
Nova Ski Limited
Novatec Braids Inc.
Nu-Air Ventilation Systems Inc.
N. W. P. Industries Limited
Ocean Nutrition Limited
Odyssey Cape Breton Tourist Attractions Ltd.
Old Orchard Inn Limited
Ole Smokey Towne Trading Company Ltd.
Oxford Frozen Foods Ltd.
Peterbilt of Nova Scotia
Phase Remediation Inc.
Pictou County Sandstone Quarry Ltd.

Appendix 1 (cont'd)

Nova Scotia Business Development Corporation Client List

Polysteel Inc.
Precision Biologicals Inc.
Pubnico Lake Holdings Ltd.
Pure Energy Battery Corporation
Quanta Nova
R W Hayman Logging Limited
Rainbow Farms Limited
Reid's Garage & Towing Service
Reinforced Plastic Systems Inc.
Rodmac Enterprises Limited
Rodney Transport Ltd.
Romatt Custom Doors
Royale Print and Packaging
R. F. Ironworks Limited
R. P. Hawbolt (Trenton)
S Jachimowicz Limited
Sainte Famille Wines Ltd.
Sambro Fisheries Limited
Schaffner Enterprises Limited
Schooner Seafoods
Scotia Farm Service
Scotian Gold Co-Operative Limited
Seagull Pewter & Silversmiths Limited
Seal Island Restaurant & Motel Ltd.
SepraChem Canada Ltd.
IMP Aerospace Components Limited
Shaw Wood Industries
Showcase Nova Scotia Limited
Silver Dart Motel Limited
Sobeys Incorporated
South River Machine Works Limited
Spa Springs Parks Limited
Springvale Nurseries Limited
St Ann's Lobster Galley Limited
St Peter's Fish
Stonehouse Motel & Restaurant (1987) Limited
Sunrise Stable
Super Clean Steam Mobile Services Limited
Swedwood Canada Limited
Sydney Engine
T W Pultrusion Limited
Tara Nova Seafoods
Tatamagouche Home Centre Limited
Telesis Communication
Tibbets Paints Limited
TIM Dealers Systems
Tingley Monuments
Total Recycling
Trailsman Motel Limited
Transpec Enterprises Incorporated
Tri-Star Industries Limited
Two-Tech Forestry Consultants
Two Rivers Lumber
Valley House of Carpet Limited
Valley Industries Ltd.
Van Den Hoek, Willem & Majella
Victoria Bridge Housekeepers
Village Developments Limited
Vintage Mouldings
Walton Bucket Works
Wandlyn Inns Limited
Warp Tech Incorported
Wayne Hanley Enterprises
Wearwell Garments Ltd
Wedgeport Sea Product
White Point Holdings Limited
White Sales Bakery
William Brown
Willow Bend Motel
Windsor West Hants Industrial Commission
W.A. MacLeod & Sons
Yarmouth Area Industrial Commission

1999

Appendix 2

Nova Scotia Business Development Corporation
Assistance Authorized 1998/1999

Client	Amount Authorized	Purpose
Britex Group	4,907,000	Equipment and working capital financing
W.A. MacLeod & Sons	200,000	Working capital for market expansion
IMX Divine Ryans	200,000	Film production, equity investment
Classic Cheesecake	270,000	Loan for specialty dessert manufacturer.
Brine's of New Waterford	90,000	Loan to establish a cosmetician school.
IMX New Waterford	200,000	Film production, equity investment
Aftermath Television Productions	200,000	Television series production financing
Two River Lumber	50,000	Consolidation of loans and new equipment.
Canadian Automotive Radiator	1,000,000	Project financing
N.W.P. Industries Ltd.	107,000	Expansion financing.
Barry E. Bartlett Holdings	975,000	Plastic extrusion manufacturing facility
William Brown	275,000	Fixed asset financing
Blue Mist Pewter	400,000	Guarantee of bank facility
Annapolis Basin Seafoods	125,000	Working capital financing for export markets
Lewis Mouldings	60,000	Dry Kiln expansion
Ocean Nutrition Limited	18,000,000	Fixed assets financing for nutritional product manufacturer
Bickerton Peat Moss	170,000	Infrastructure improvement
Atlantic Confections	130,000	Equipment financing
R.F. Ironworks Limited	750,00	Expansion of machine shop
ITC Canada	2,000,000	Acquisition of Mentor Networks
Interhabs	475,000	Working capital and plant upgrade
Icom Alliance Inc.	150,000	Working capital for market expansion
236896 Nova Scotia Limited	185,000	Working capital
Coastal Van and Storage Limited	272,000	Purchase fixed assets
Atlantic Low Temperature Ltd.	300,000	Commercialization of technology
Cochrane Marine	775,000	Vessel construction
Atlantic Hardchrome	560,000	Equipment acquisition
Atlantic By-Catch	350,000	Market expansion for fish based pet food manufacturer
Data Home Systems	50,000	Working Capital
Walton Bucket Works	60,000	New product development
Avon Spirit Inc.	210,000	Loan for vessel construction
Minas Basin Pulp & Power	9,300,000	Fixed asset additions to production equipment
M.P. Valley Lumber	250,000	Expansion of soft wood sawmill
Springvale Nurseries Ltd.	50,000	Guarantee for bank line of credit
Old Orchard Inn Ltd.	536,000	Refurbishment of rooms and construction of convention centre

Appendix 2 (cont'd)

Nova Scotia Business Development Corporation
Assistance Authorized 1998/1999

Client	Amount Authorized	Purpose
Hawboldt Industries	2,700,000	New plant and equipment
Granville Gates Ltd.	422,000	Cold storage facility
Lunenburg Foundry Ltd.	250,000	Working capital financing
Holdbright Lumber	176,700	Fixed Assets addition
R.P. Hawbolt	350,000	Expansion, machine shop
Wearwell Garments	1,210,000	Equipment upgrades and new manufacturing systems
3-D Auto Parts Ltd.	150,000	Building addition and equipment financing
R. Baker Fisheries Ltd.	150,000	Working capital financing
Highland Heights	102,000	Modernization project
Beinn Bhreagh Houseboats Ltd.	90,000	Tourism house boat rental business
Island Resources Ltd.	295,000	Expansion and modernization of marina
Seal Island Restaurant	50,000	Modernization
Tara Nova Seafoods	1,000,000	Lobster pound
Mardelli Publishing	70,000	Computer equipment and working capital
Bluewave Seafoods Ltd.	4,500,000	Building acquisition and improvements
SouthWest Shore Dev. Agency	250,000	Renovations to incubator mall